Papsi project

**15.* SHRI DIPEN GHOSH: Will the Minister of FINANCE be pleased to state;

(a) whether *the* financial institution's have evaluate^ the reasons for the steep increase in the project cost of the Pepsi project; and

(b) what is the increase in the manufacturing capacity to ensure viability of the project?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA); (a) and (b) The lead financial institution for this project is the Industrial Finance Corpra-tion of India (IFCI). In accordance with information available with IFCI, M/s. Pepsi Foods Private Limited (PFPL) had filed their application with the Government for the grant of an industrial licence for their integrated food processing project in May, 1986 which, according to their rough estimate, was to cost Rs. 22.54 crorer. Over the period of 2-1/2 years culminating in the issue of the Letter of Intent (in September 1989) and subsequently, industrial license for the said project, there were numerious exchanges of views between the Company and the Government and its agencies and the project underwent significant changes in its character and focus, leading to increase in capacities of various equipments and attendent infrastructural facilities and other back up appurtenances, and firming up of the cost of the integrated project at Rs 62.50 crores in November, 1989 when PFPL approached the financial institutions with the following product mix and capacities:

"manufacture of potato chips (3370 tpa)|extruded grain products (5616 tpa) and soft drink concentrates (20,000 units tpa) at Village Chano, Distt. Sangrur, tomato Paste C7380 tpa) Fruit/Vegetable products (2800 tpa) and processing and packing of Mushrooms (800 tpa) and chillies 1500 tpa) at Village Zahura, Distt. Hoshiarpur, and setting up of an Agro Research Centre (ARC) at Village Mattewara, Distt. Ludhiana for the purpose of developing new high yielding, disease resistant, hybrid varieties of fruits and vegetables".

After detailed appraisal the product mix and capacities as indicated above were finalised and the cost was firmed up at Rs. 68.50 crores in June 1990. Based on these parameters, the viability of the project was found to be satisfactory.

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It is thus seen that the increase in costs as evaluated by the financial institutions from Rs. 62.50 crores *to* Rs. 68.50 crores is consequent to detailed appraisal. The manufacturing capacities assumed have not changed in the 2 costing figures.

Modernisation of IISCO

*36. SHRI SUKOMAL SEN: SHRI SUNIL BASU RAY;

Will the Minister of STEEL AND MINES be pleased to state;

(a) whether any progress has been mads towards the modernisation of IISCO at Burnpur;

(b) if so, what are the details thereof; and

(c) if not, what are the reasons therefor?

THE MINISTER OF STEEL AND MINES (SHRI ASHOKE KUMAR SEN): (a) and (b) Yes, Sir. The Government is in the process of finalising (the Modernisation Scheme of IISCO. The details will- be intimated to the House after the Government's decision is finalised.

(c) Does not arise.